

64-4698 E.O.

OFFICE OF THE DIRECTOR

Action Memorandum No. 397

Date 30 JUN 1964

TO : Deputy Director (Intelligence)

SUBJECT : Policy Guidance for Preparation and Review of
Fiscal Year 1966 Budget

REFERENCE:

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1. During FY 1964 the Agency has taken a number of important steps in complying with the President's admonitions for economy and efficiency. No vital operations have been impaired, productivity has been improved, and the over-all on-duty strength reduced. In FY 1964 there has also been considerable reprogramming in the Agency, both within and among Directorates, and some elimination of marginal programs in order to accommodate new higher priority efforts. With the requirement to submit the Agency's FY 1966 budget, there is provided a further opportunity to take the kind of hard program look requested by the President.

2. Within the next few days the Offices of your Directorate will be called upon to prepare their FY 1966 budget estimates. It is the Director's wish that each Deputy Director and Office Head personally review these submissions with the utmost care to insure that they represent a sound allocation of resources against highest priority objectives.

3. The Director has instructed that the budget reflect a decline in over-all Agency personnel strength to [] by June 1965. Within the Agency total, the personnel ceiling for the DD/I will be [] in FY 1965 and [] in FY 1966. The personnel ceilings include [] positions for NPIC which are not to be reduced in adjusting position allocations within your Directorate's new ceilings. Dollar target ceilings to accommodate

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SUSPENSE DATE:

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your programs for FY 1966 are [] Dollar ceilings for the FY 1965 Financial Plan are now under review in the Office of Budget, Program Analysis and Manpower. However, prior to the issuance of allocations it will be necessary to provide BPAM by 15 July with the new office break-out of your Directorate's FY 1965 manpower ceiling.

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4. The achievement of these goals will require all of us to demonstrate our management ingenuity in reshaping and reassigning current assets to meet future demands as we see them. New priority programs must go forward and other less important ones dropped. Deputy Directors and Office Heads, in concert with my office, will be expected to reprogram and effect reorganizations as necessary to accomplish the FY 1965 and FY 1966 objectives.

(signed) Lyman B. Kirkpatrick

Lyman B. Kirkpatrick
Executive Director-Comptroller

O/BPAM [] vgd 28 June 1964

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20 JUL 1964

MEMORANDUM FOR: Deputy Director (Intelligence)

SUBJECT : Manpower Levels

REFERENCE : Action Memorandum A-597, 30 June 1964

1. After review of your memorandum of 15 July 1964 I agree that your point on the level of the NPIC departmental intelligence activity is well taken. In assigning personnel adjustments within your Directorate, you can and should take this into consideration along with other DD/I responsibilities. I would encourage you to make every effort in cooperation with the Director, NPIC, to identify further savings, particularly where these may result from closer examination of comparable and possibly overlapping services between OCR and NPIC.

2. In addition it may be wise to identify at this time those "overhead" positions now filled by CIA which could be performed by military assignees from DIA who are not charged to the Agency ceiling. Perhaps these could include, for example, couriers as well as others.

3. Following this review we should consider the wisdom of exploring with DIA their attitude toward a larger contribution to the support and "overhead" activities of the Center in view of the joint nature of the activity. It seems to me that perhaps DOD should be expected to make a more proportionate contribution toward the total personnel requirements of the Center, perhaps not now but certainly in the future if additional increases are required.

(signed) Lyman B. Kirkpatrick

Lyman B. Kirkpatrick
Executive Director-Comptroller

BPAM/[] (16 Jul 64)

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DOWELL/3W

14 JUN 1964

MEMORANDUM FOR: Executive Director-Comptroller
SUBJECT : Reduction in Force
REFERENCE : O/DCI Action Memo 397 (30 June 1964)

1. This memorandum is for your information and responds to para. 3 of AM 397 requesting DDI to identify the organizational components affected by the cut in the T/O of the Directorate of Intelligence from its present [redacted] in FY 1965 and to [redacted] in FY 1966 (while exempting NPIC from reduction.)

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WHERE WE PLAN TO CUT

[redacted]

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3. The specifics of the FY66 reduction will depend in part upon developments arising during FY65, including the effect of finding ways to incorporate NPIC in the T/O base from which reductions can come. There are, for example, common elements between NPIC and OCR which need careful study. Moreover, PID/NPIC, the CIA departmental support component of NPIC, may well be a preferable source of positions over the analytical effort which PID was created to support.

4. In view of the cut of [redacted] positions taken by OCR last year, and the modest level at which ONE has consistently been staffed, it will not be possible to absorb the major portion of the [redacted] in any single office or by eliminating any single function or two. A number of valuable programs will therefore be affected, some seriously, in every kind of evaluative intelligence activity. (See Tab A for present DDI manpower commitments to national intelligence; USIB services of common concern; Agency intelligence; and Agency services of common concern. See Tab B for the specific impact of the proposed cut upon these intelligence programs.)

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GENERAL IMPACT OF PROPOSED CUT

6. Excepting NPIC, DDI personnel constitute [] of the Agency total. Yet we are now expected to take [] of an Agency-wide cut of [] positions. We believe this to be ill-advised, not from DDI's point of view, though cuts are never pleasant, but from the Government's and from DCI's point of view because of their increasing demands and indications that our intelligence output is of national significance.

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7. Again excepting NPIC, resources placed at the disposal of the DDI have been progressively reduced. In net terms we []

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8. In the face of this decline we have had to pick up extensive commitments without being permitted to drop any significant tasks. For example, in recent years legitimate requests for economic and military analysis, and reports of current policy interest produced by ORR on these subjects have more than doubled. Even with present strength needed specific research is delayed, canceled, or not undertaken for lack of capability.

9. There has also been a very considerable increase in the volume and variety of intelligence information requiring processing [] evaluation and collation in order to meet these demands as well as our Community commitments of common concern. (See Tab C for increase in information requiring analysis since 1955.)

11. Going to the relative merits of major Agency activity, we believe it an error to augment programs involving the expenditure of funds for technical intelligence at the expense of an already relatively modest analytical and evaluative program upon which the key intelligence judgments must ultimately depend. Added collection means more flow into the system, requiring more guidance, more processing, more evaluation, more analysis, more reporting, all or much of which must come from the DDI (as our experience with NPIC has shown).

12. Finally, and let there be no illusions about this, the year ahead will find us forced to identify individuals who are not marginal performers, but who in the new situation will be surplus to our needs despite all the steps we plan to take to place them. These we shall be obliged to recommend for separation.

13. In short, we believe there now exists an imbalance in Agency programs which the portion of the cut assigned to DDI accentuates to the detriment of the over-all intelligence effort.


RAY S. CLINE
Deputy Director (Intelligence)

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Attachments:

- Tab A: Present DDI Manpower Commitments to Intelligence Programs
- Tab B: Specific Impact of Cut in DDI on National and Agency Programs
- Tab C: Percent Increase in Intelligence Information Requiring Analysis since 1955

cc: DCI
DDCI

ADDI/M/PABorel:rh(15 July 64)

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**SPECIFIC IMPACT OF CUT IN DDI
ON NATIONAL AND AGENCY PROGRAMS**

B

NATIONAL INTELLIGENCE

- Reduction of production in OCI resulting in inability to meet the accelerated schedule for the NIS only recently approved by USIB. A reduction in OBI's key role in the NIS program largely to be reflected in production delays and in a drop in quality control.

USIB SERVICES OF COMMON CONCERN

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- We had planned to augment Military-Economic Research and will still endeavor to do so in view of the importance of this work to Mr. McNamara's efforts in cost effectiveness. If we are unsuccessful in increasing this program we plan to cut out military research on Free World forces and concentrate on the USSR.

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BPAM-64-0631

MEMORANDUM FOR: Deputy Director (Intelligence)

SUBJECT : FY 1965 Position and Fund Allowances

REFERENCE : Action Memo 397 dtd 30 June 1964, subject:
Policy Guidance for Preparation and Review
of FY 1966 Budget

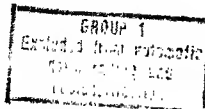
1. The attached schedule contains your FY 1965 position and dollar ceilings by office for inclusion in the FY 1966 budget estimate.

2. The distribution of positions within your directorate is in accord with the breakdown furnished by your office in response to Action Memo 397. The total dollar ceiling is the planned allocation for your directorate, subject to Congressional approval of the Agency's budget and apportionment by the Bureau of the Budget. The office breakdown is the result of budget reviews and hearings by OBPAM but may be adjusted within the total for your directorate, in consultation with OBPAM, if you determine such steps appropriate.

3. It is anticipated that the Federal Employees Salary Act of 1964 pending in Congress will be approved so the 1965 allowance includes an estimate of for this added cost. The detail of this breakdown has been computed in personnel service machine runs furnished to your Budget/Fiscal officers.

4. In addition to the 1965 data, the attached schedule lists the FY 1964 average employment and actual dollar obligations by office for the 1964 column of the budget. The dollar obligations accord with Agency records as of 30 June 1964 and cannot be changed except for comparability adjustments between offices.

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